



STATEMENT OF AT&T CONNECTICUT

Regarding Raised House Bill No. 6534 AN ACT CONCERNING CONSUMER CONTRACTS Before the Committee on General Law March 8, 2011

Proposal:

Raised House Bill No. 6534 would impose disclosure requirements on anyone engaged in the sale or provision of telecommunications services, community antenna television services, certified competitive video services, television services, Internet services or a combination of these services to consumers. Specifically, the bill would require the disclosure of: "1) an estimate of the consumer's total monthly bill, including all collateral charges, taxes and fees 2) whether a consumer is entering into a contract for a specific term and the term of the contract, if applicable, 3) any term in the contract, if applicable, that will cause the consumer's initial total monthly bill to increase, together with the date such increase will take place and an estimate of the total monthly bill after such increase, including all collateral charges, taxes and fees, and 4) that if the actual total monthly bill received by the consumer is more than five per cent greater than the estimate provided, such consumer shall have the right to cancel the contract at any time without penalty." Any transaction that violates these requirements would be unenforceable by the person selling or providing the service.

Comments:

AT&T opposes Raised House Bill No. 6534 because the requirements are unnecessary in light of existing statutes and regulations; inappropriate and unnecessary in today's highly competitive communications marketplace; and would be difficult if not impossible to comply with as drafted.

Connecticut already has significant consumer-friendly statutes and regulations concerning disclosure of the rates, as well as the billing of services, including the following:

- Conn. Agencies Regs. Section 16-247g-4 (Billing Practices) requires each telecommunications provider to "provide each customer with a description of the company's billing practices at the time of initial subscription and at least annually thereafter. The description shall at a minimum, include information on the following: (1) billing period and frequency; (2) security deposit requirements; (3) late payment charges; (4) returned check charges; (5) credits for service outages; and (6) whether the company provides customer credit reports to credit agencies."
- Conn. Gen. Stat. Section 16-256j (Billing for telecommunications services. Information re: carriers, basic local service and taxes) requires that "All bills for telecommunications services, whether issued by a telecommunications company or by a billing service, shall (1) contain the name of each carrier providing service as well as a toll-free number for customer complaints for each such carrier printed clearly and conspicuously on the portion of the bill relating to each carrier; (2)

clearly and conspicuously identify on the bill those charges for which nonpayment will not result in disconnection of basic, local service; and (3) only label a charge as a tax if such tax is directly assessed by the taxing entity on the customer through the telecommunications company, which tax shall appear as a separate charge on such bill.

- Conn. Agencies Regs. Section 16-247g-5 (Information on bills) requires certain information to be included on bills in addition to that contain in Conn. Gen. Stat. Section 16-256j. "Each telecommunications provider shall provide with all bills to customers: (1) the date on which any individually chargeable service is rendered; (2) the basic and non-basic amount due for the current billing period, identified separately from any prior basic and non-basic balances due; (3) the date by which payment must be received in order to avoid late payment charges; and (4) the current rates being charged for services."
- Conn. Agencies Regs. Section 16-247g-3 (Notice of rates) requires that "Each company shall by first class mail, or other written means acceptable to the department confirm in writing to the customer, within thirty days of the inception of service, a simple and clear description of the rates and services that the customer has chosen."
- Conn. Gen. Stat. Section 16-256k (Disclosure for removal or change in telecommunications service. Disclosure for promotional offerings) requires: "Each telephone company, as defined in section 16-1, and each certified telecommunications provider, as defined in said section 16-1, shall clearly and conspicuously disclose, in writing, to customers, upon subscription and annually thereafter, (1) whether the removal or change in any telecommunications service will result in the loss of a discount or other change in the rate charged for any telecommunications service subscribed to or used by the customer; and (2) for any promotional offering filed on and after October 1, 2002, with the Department of Public Utility Control pursuant to subsection (e) of section 16-247f, that the offering is a promotion and will be in effect for a limited period of time."
- Conn. Gen. Stat. Section 16-331j (Video service provider offerings, charges, privacy policy, billing and billing disputes) requires:
 - "(a) At the time of initial subscription, and annually thereafter, or upon request, each certified competitive video service provider shall provide subscribers with a description of (1) the video service offerings and current rates, (2) the provider's credit policies, including any finance charges or late payment charges, and (3) the provider's billing practices and complaint procedures."

“(c) A certified competitive video service provider shall implement an informal process for handling Department of Public Utility Control and customer inquiries, billing issues, service issues and other complaints. In the event an issue is not resolved through such informal process, a customer may request of the department a confidential, nonbinding mediation with the competitive video service provider, and a designated member of the department staff shall serve as the mediator. If the mediation is unsuccessful, the customer may file a formal complaint with the department. The department’s sole jurisdiction over the complaint is to determine if the certified competitive video service provider is in compliance with sections 16-331f to 16-331n, inclusive. If the provider is found to be in noncompliance, the department shall order the certified competitive video service provider to cure such noncompliance within a reasonable period of time. Failure to comply may subject the certified competitive video service provider to civil penalties and revocation of the certificate, as provided in section 16-331o.”

The services which would be covered by this legislation are among the most highly competitive of any industry and therefore additional regulation beyond that which already exists is unnecessary. The proposed revisions are not necessary where a consumer signs a written contract, receives a written summary of the order, or obtains services subject to tariff. Consumers have a wide array of choices when it comes to whom they can purchase their communications, entertainment, and Internet services. In the clearest sign of this competitive marketplace, consumer spending on wired voice services have declined 49 percent since 2004; the average wireless bill decreased 51 percent since 1988 while the features and services included during the same period have increased; Connecticut consumer spending on wired Internet has declined 27 percent since 2004. Today’s highly competitive marketplace for these services has forced all providers to lower their prices and improve their services or risk losing their customers to a competitor. Providers have every incentive to ensure that we are providing a quality and valuable experience with our customers beyond any such requirements outlined in this legislation.

While the requirements that would be imposed may seem innocuous, compliance could be difficult. To the extent prices for many of these services are based on usage, it is not possible to estimate a consumer’s monthly bill. For example, item 3 would require a business operating on a national scale to estimate all taxes and fees that may be imposed by third parties. It is assumed that this includes state and potentially local sales taxes. Predicting and tracking these taxes and their impact on a consumer’s bill in all jurisdictions in which a company operates will be a difficult task at best for companies that operate nationally.

In addition, compliance would require companies to make costly system upgrades to be able to provide specific dates on which promotional or introductory rates would end and to

provide an estimate of the post-promotion rate. Taxes and fees may change in the interim making such calculations almost impossible. Even if system upgrades were possible, a company's ability to respond to competition would be slowed because a company would need to make system entries for all new promotions they want to implement and train sales force on all of the specific disclosures.

Compliance also will be complicated because the intent and scope of the bill are unclear. For example, it is not clear whether the bill will apply only to residential customers or whether "consumer" is used in a broader sense to include business customers as well. It also is not clear whether the requirement for estimating future charges applies solely for the term of the initial contract or over the time the customer maintains the service under a month-to-month arrangement. Finally, additional costs incurred by companies to comply with these requirements will be passed on to consumers in the form of higher prices.

Conclusion:

AT&T respectfully opposes Raised House Bill No. 6534. Connecticut's consumer-friendly laws already provide sufficient protections for consumers; the competitive marketplace requires that providers treat our customers right or risk losing them to a competitor; and the requirements in this bill would be costly and difficult to meet.